

**IN THE ENFORCEMENT COMMITTEE ESTABLISHED IN TERMS OF
SECTION 10(3), READ WITH SECTION 10A OF THE FINANCIAL
SERVICES BOARD ACT, 97 OF 1990**

CASE NO: **2/2012**

In the matter of:

**THE REGISTRAR OF FINANCIAL SERVICES
PROVIDERS**

Applicant

and

CAPITAL ALLIANCE LIFE LIMITED

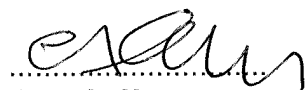
Respondent

ORDER

WITH DUE CONSIDERATION to the settlement agreement (attached marked annexure "A") in terms of section 6B(7)(a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, I hereby determine that the Respondent contravened section 7(3) of the Financial Advisory and Intermediary Services Act, No 37 of 2002 from July 2010 to May 2011, and impose a penalty of R100 000. The remaining terms and conditions of the settlement agreement are incorporated and made an order of the Enforcement Committee.

I make no order regarding costs.

Signed at **PRETORIA** on the 29 day of March 2012.



C F Eloff

Chairperson of the Enforcement Committee

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CAPITAL ALLIANCE LIFE LIMITED

Respondent

**SETTLEMENT AGREEMENT IN TERMS OF SECTION 6B(7)(a)
OF THE FINANCIAL INSTITUTIONS (PROTECTION OF
FUNDS) ACT, 28 OF 2001**

1. The parties to the agreement

- 1.1. The Applicant is the Registrar of Financial Services Providers (the Registrar of FSPs) herein represented by German Emanuel Anderson in his capacity as the Deputy Registrar of Financial Services Providers.

- 1.2. The Respondent is Capital Alliance Life Limited, a company duly incorporated in accordance with the laws of the Republic of South Africa, bearing registration number 1969/008187/06. The Respondent is an authorised financial services provider in terms of section 8 of the Financial

Advisory and Intermediary Services Act, No 37 of 2002 (the FAIS Act).

- 1.3. The Respondent is represented by Kieran Richard Godden in his capacity as Chief Finance Officer, who warrants that he is authorised by the Respondent to conclude this agreement.

2. **Background information to the agreement**

- 2.1. Since July 2010, Eagle Watch Financial Services (Pty) Limited (Eagle Watch) rendered intermediary services as contemplated in the FAIS Act, *inter alia* with reference to long-term insurance, to its clients. This long-term insurance business was underwritten by the Respondent in this matter.
- 2.2. During the relevant period, Eagle Watch was not issued with a licence in terms of section 8 of the FAIS Act to render intermediary services, in contravention of section 7(1) of the FAIS Act.




3. **The contravention: Section 7(3) of the FAIS Act**

- 3.1. It is therefore agreed amongst the parties that the Respondent contravened section 7(3) of the FAIS Act, in that it conducted financial services related business with Eagle Watch from July 2010 to May 2011, whilst Eagle Watch was not authorised to render financial services.

4. **The mitigating circumstances**

- 4.1. It is recorded that:

4.1.1. The Respondent accepted full responsibility for the contravention;

4.1.2. The Respondent fully co-operated with the Registrar's investigation and the enforcement action;

4.1.3. The contravention occurred as a result of a *bona fide* oversight by the Respondent;

4.1.4. The Respondent reviewed and augmented its internal procedures to address the matter; and

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4.1.5. There was no prejudice or harm to any policyholders.

5. The agreed penalty and request for an order

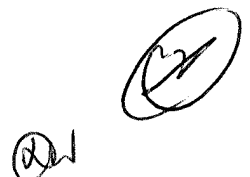
5.1. In the light of the above, and in terms of section 6B(7)(a) of the FI Act, the parties have agreed that the Respondent will pay a penalty of R100 000 in settlement of the matter.

5.2. The parties humbly request that the Honourable Chairperson makes the settlement an order, as envisaged in section 6B(7)(b) of the FI Act.

6. Other conditions

6.1. The terms set out herein shall constitute a full and final settlement of administrative sanctions in terms of section 6D of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, by the Respondent.

6.2. This agreement is subject to approval by the Enforcement Committee and the parties specifically record that they are aware of the possibility that the Enforcement Committee may not accept the terms of this agreement. If the Enforcement Committee declines to make this agreement

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an order, then in such event this agreement will be null and void.

- 6.3. If the Respondent does not comply with the terms of this agreement and it is necessary for the Financial Services Board (FSB) to proceed with legal proceedings, the Respondent herewith consents to pay all legal costs to the FSB on the Attorney and Client scale in terms of the High Court Rules inclusive of collection commission and Value Added Tax.
- 6.4. No leniency or postponement given by the FSB to the Respondent or any amendment to the terms and conditions of this agreement will be binding unless such postponement, leniency or amendment is reduced to writing and signed by the parties. Any leniency or postponement granted by the Registrar or any amendment to this Agreement shall not be a novation of the cause of action in terms whereof the Respondent was found to have contravened the Act.
- 6.5. Any receipt of a payment by the FSB after the due date shall be without prejudice to any of the rights of the FSB.

DN




6.6. This agreement constitutes the whole agreement between the parties in respect of the offer to pay a penalty.

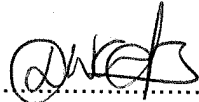
6.7. The parties choose as their *domicilium citandi et executandi* their respective addresses set out below for all purposes arising out of or in connection with this agreement at which addresses all the processes and notices arising out of or in connection with this agreement, its breach or termination may validly be served upon or delivered to the parties. For the purpose of this agreement the parties' respective addresses shall be:

The Applicant
Financial Services Board
Block B, Riverwalk Office Park
41 Matroosberg Road
Ashlea Gardens ext 6
Pretoria
0081

The Respondent:
Capital Alliance Life Limited
Liberty Centre
1 Ameshoff Street
Braamfontein

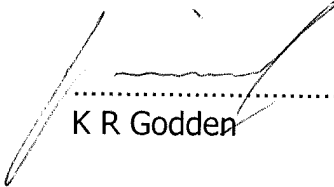
Signed at PRETORIA on 27/3/2012 on behalf of the Registrar


G E Anderson


Witness



Signed at Braamfontein on 22 March 2012 on behalf of the Respondent.


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K R Godden


.....
Witness